

Chapter 7 - Evaluation for Unbalanced Bids

The Cost Estimating Group of ODOT's Roadway Engineering Section evaluates each apparent low bid for unbalanced bidding according to the following policy.

There are two types of unbalanced bids—mathematical and material:

- A mathematically unbalanced bid is one that contains lump sum or unit bid items that do not appear to reflect reasonable actual costs. Those reasonable actual costs would include a reasonable proportionate share of the bidder's anticipated profit, overhead costs, and other indirect costs that the bidder anticipates for the performance of the items in question.
- A materially unbalanced bid is one that produces a reasonable doubt that award to the low bidder, who submitted the mathematically unbalanced bid, would result in the lowest ultimate cost to ODOT.

The Cost Estimating Group uses the following guidelines when evaluating bids to identify materially unbalanced bids:

- After bid opening, evaluate all bid item prices, as submitted by the bidders, for unreasonable deviations from the Engineer's Estimate. ODOT reserves the right to review all bids for material unbalancing regardless of the deviation from the Engineer's Estimate.
- If bid item prices deviate more than a reasonable amount from the Engineer's Estimate, requests responsible unit to re-check the bid item quantities.

Items that may contribute to material unbalancing are:

- Obvious errors in the plans or estimates
- Front-end loading where the bids indicate that the Contractor will receive disproportionate payment for work done during early stages of the project
- Anticipated underruns or overruns of items
- Token bids which indicate that the bid(s) are disproportionately higher than the value of the work to be done under the contract.

After evaluation, the Cost Estimating Group makes a recommendation to the Chief Engineer regarding the presence or absence of a materially unbalanced bid. This recommendation and other relevant factors will be considered to determine the proper action, consistent with public interest, to take regarding the bids received.

Although the Cost Estimating Group evaluates unbalanced bids, it is important that the Project Manager (PM) and Region/Bridge Delivery Unit (BDU) promptly advise the Cost Estimating Group when they discover an error or omission in the plans or quantities. The Cost Estimating Group may also request the assistance of the PM in evaluating bids for unbalancing.

When the bid proposal of the Contractor contains unbalanced items, the Cost Estimating Group will notify the PM and Region/BDU in writing so that they can administer the contract with knowledge of the apparent unbalanced prices.

If a project includes items that are significantly over or under-priced, avoid changes to the project that increase or reduce the quantities of those items. Consider other alternatives, wherever possible, to avoid conflict with the public policy on competitive bidding.

Refer to Section 00195.50(a-4) regarding progress payments for items with unbalanced prices.